



California Independent Petroleum Association
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**Comments of the California Independent Petroleum Association
on the “Staff’s Preliminary Assessment of the Need for Clarification for the
Reporting of Covered Product Data for Petroleum and Natural Gas Systems”
(12/11/15 version)**

Sara Nichols
California Air Resources Board
1001 I Street
Sacramento, CA 95814

February 11, 2016

Via electronic submittal to: ogwhitepaper@arb.ca.gov

The California Independent Petroleum Association (CIPA) appreciates the opportunity to submit the following comments to the California Air Resources Board (ARB) for its consideration. *Staff’s Preliminary Assessment of the Need for Clarification for the Reporting of Covered Product Data for Petroleum and Natural Gas Systems* (Staff Assessment) highlights the diversity of our industry and the importance clear guidance can play in implementing California’s complex GHG reduction programs. Since the issues discussed in the Staff Assessment could also directly impact industrial allocations, they are particularly significant to CIPA and its members. Also, as this discussion can be complex, we are available for follow-up discussions with ARB as needed to provide further detail on these issues.

The mission of CIPA is to promote greater understanding and awareness of the unique nature of California's independent oil and natural gas producer and the market place in which he or she operates; highlight the economic contributions made by California independents to local, state and national economies; foster the efficient utilization of California's petroleum resources; promote a balanced approach to resource development and environmental protection and improve business conditions for members of our industry.

The members of CIPA understand the need for, and fully support, consistent greenhouse gas reporting. This consistency promotes equal treatment under both the Mandatory Reporting Regulation and the Cap and Trade Regulation. The overarching question presented by the Staff Assessment is whether or not changes need to be made to these regulations. Maintaining the current reporting flexibility is necessary for the diversity of CIPA’s member operations. This flexibility does not hamper the accuracy of the emissions or product data as other MRR standard protect against improper reporting. *CIPA does not recommend regulatory changes at this time.*

The Staff Assessment provides several hypothetical scenarios in an attempt to show the variety of possible reporting for the sector. Each of these potential reporting paths can be valid depending on the variability in size, geology, historical development of the individual reservoirs, and complexity of operations. CIPA believes that consistent reporting of what is truly thermal EOR can be achieved through additional reporter and verifier guidance without the regulatory shock that could occur by changing to the current regulatory definition. The current definition uses the presence of steam injection as a key determining element, rather than the precise method or exact location of the steam injection. This simpler approach allows companies to utilize the different methods of steam injection that work for their operations under a single broader umbrella. It is also the definition that was used when the benchmarking process was completed, therefore it provides the most consistent implementation of the regulation.

In addition to CIPA's submitted comments, we support the more detailed technical comments submitted by CIPA members and WSPA in response to the Staff Assessment.

Thank you for your attention to this important matter. Any questions or follow-up comments can be directed to myself at rock@cipa.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rock Zierman', with a stylized flourish extending to the right.

Rock Zierman, CEO
California Independent Petroleum Association